
ASSEMBLY BILL NO. 208—ASSEMBLYMEN MUNFORD, HEALEY,
CARLTON, FRIERSON; PAUL ANDERSON, DIAZ, FIORE,
GRADY, HORNE, KIRNER, LIVERMORE, NEAL AND SWANK

MARCH 7, 2013

JOINT SPONSORS: SENATORS ATKINSON, GUSTAVSON,
SETTELMEYER AND SPEARMAN

Referred to Committee on Taxation

SUMMARY—Prohibits the Department of Taxation from applying sales taxes to the provision of meals by employers to their employees. (BDR 32-492)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; prohibiting the Department of Taxation from considering the provision of meals by employers to their employees to constitute sales to which sales taxes apply; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law generally exempts food for human consumption from sales and
2 use taxes in this State. However, existing law excludes from this exemption
3 prepared food intended for immediate consumption. (Nev. Const. Art. 10, § 3[A];
4 NRS 372.284, 374.289)
5 The Nevada Supreme Court has determined that under the food exemption, a
6 business entity is exempt from paying use taxes on prepared food intended for
7 immediate consumption that the business entity provides to its employees free of
8 charge. However, the Court has also determined that such complimentary meals
9 may be subject to sales taxes when consideration is properly demonstrated. (*Sparks*
10 *Nugget, Inc. v. State ex rel. Department of Taxation*, 124 Nev. 159 (2008))



11 This bill prohibits the Department of Taxation from determining that such
12 consideration applies and, as a result, from applying sales taxes to the provision of
13 meals by an employer to his or her employees when: (1) the meals are provided on
14 the business premises of the employer for the convenience of the employer; and (2)
15 the employer does not charge the employees for the meals.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 372 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *In administering the provisions of this chapter, the Department*
4 *shall consider the provision of meals by an employer to his or her*
5 *employees in this State during any calendar month to be provided*
6 *without consideration if the meals are:*

7 1. *Furnished on the business premises of the employer for the*
8 *convenience of the employer; and*

9 2. *Provided to the employee by the employer free of charge.*

10 **Sec. 2.** Chapter 374 of NRS is hereby amended by adding
11 thereto a new section to read as follows:

12 *In administering the provisions of this chapter, the Department*
13 *shall consider the provision of meals by an employer to his or her*
14 *employees in this State during any calendar month to be provided*
15 *without consideration if the meals are:*

16 1. *Furnished on the business premises of the employer for the*
17 *convenience of the employer; and*

18 2. *Provided to the employee by the employer free of charge.*

19 **Sec. 3.** This act becomes effective upon passage and approval.

